

***United States Court of Appeals
for the Second Circuit***



**PETITION FOR
REHEARING**

75-7621

No. 75-7621

IN THE
United States Court of Appeals
FOR THE SECOND CIRCUIT

PLANTRONICS, INC.

*Plaintiff-Appellant
and Cross-Appellee*

v.

ROANWELL CORPORATION

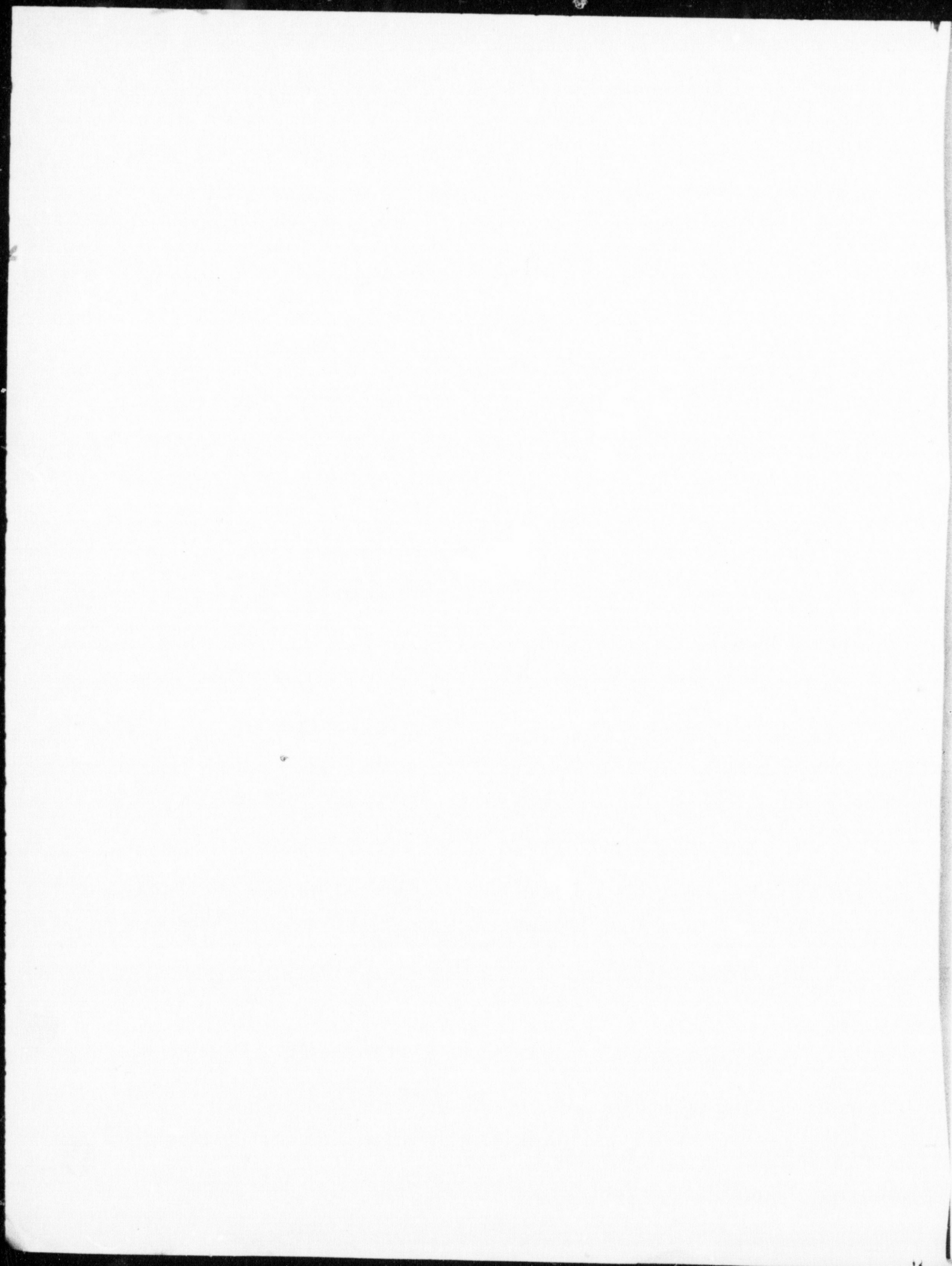
*Defendant-Appellee
and Cross-Appellant*

APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

PETITION FOR REHEARING
BY DEFENDANT-APPELLEE

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UNITED STATES COURT OF APPEALS

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PLANTRONICS, INC.,

Plaintiff-Appellant
and Cross-Appellee,

v.

ROANWELL CORPORATION,

Defendant-Appellee
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PETITION FOR REHEARING
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Defendant hereby petitions the Court for a rehearing of its appeal on the ground that the Court's decision in this case is in error in affirming the decision of the district court upholding the validity and enforceability of the Larkin patent in suit, the error being predicated upon a failure of this Court to rule on the following two points:

1. the obviousness of the invention of the Larkin patent in suit under 35 USC 103*; and

* This Court ruled on the question of anticipation under 35 USC 102, but not obviousness under 35 USC 103.

2. the ruling of the district court striking from the Answer a defense based upon plaintiff's unclean hands concerning the invention of the Larkin patent, and the consequent unenforceability of this patent. (Opinion on Motion, App. 59-60)

Both of these issues were specifically raised by defendant's appeal in this case, and contained in the questions listed on page 2 of defendant's appeal brief.

I - OBVIOUSNESS

The question of anticipation under 35 USC 102 is factual in nature, and thus reviewable on appeal under the "clearly erroneous" standard of Federal Rule 52(a). Arcadia Knitting Mills, Inc. v. Princeton Knitting Mills, Inc., 124 F.2d 330, 331 (2 Cir. 1941); Rich Products Corp. v. Mitchell Foods, Inc., 357 F.2d 176, 181 (2 Cir. 1966), cert. denied 385 U.S. 821 (1966); Kahn v. Dynamics Corp. of America, 508 F.2d 939, 943 (2 Cir. 1974), cert. denied 421 U.S. 930 (1975).

In contrast, the question of obviousness under 35 USC 103 is a question of law, reviewable as other legal issues. A & P Tea Co. v. Supermarket Corp., 340 U.S. 147, 155-6 (1950); Graham v. John Deere Co., 383 U.S. 1, 17-19 (1966); Sakraida v. Ag Pro., Inc., 44 U.S.L.W. 4477 (1976); Preuss v. General

Electric Co., 392 F.2d 29 (2 Cir. 1968), cert. denied 393 U.S. 834 (1968); Shaw v. E.B. & A.C. Whiting Company, 417 F.2d 1097, 1102 (2 Cir. 1969), cert. denied 397 U.S. 1076 (1970); Lemelson v. Topper Corporation, 450 F.2d 845 (2 Cir. 1971), cert. denied 405 U.S. 989 (1972); Julie Research Laboratories, Inc. v. Guideline Inst., Inc., 501 F.2d 1131 (2 Cir. 1974); Koppers Co., Inc. v. S&S Corrugated Paper Mach. Co., Inc., 517 F2d 1182, 1189-90 (2 Cir. 1975).

While defendant believes that the district court's finding of no anticipation as to the Larkin patent was "clearly erroneous", and so urged on this appeal, defendant also urged that, irrespective of the reversibility of this finding, the district court's holding of validity as to this patent was wrong as a matter of law, because of the obviousness of the Larkin invention under 35 USC 103.

In its decision, however, while this Court ruled that "The record amply supports the finding that the Larkin patent . . . was not anticipated" -- it made no ruling on the issue of obviousness.

That the Larkin invention was indeed obvious to one of ordinary skill in the art, at the time it was made in 1961, and the Larkin patent consequently invalid under 35 USC 103, is clear from the prior art references of record in this case, especially two references unmentioned in the district court's opinion, as will be discussed.

First, we note that Larkin initially claimed to have invented the first headset using a voice tube. If in fact he had done so, he would have contributed something to the art, but this was not the case. Once this was made clear by the Patent Examiner, Larkin urged that the headsets of the prior art patents cited by the Examiner did not have ear tubes, and he then claimed to have invented the first headset with a voice tube and an ear tube. (Ex.App. 258)

The prior art of record in this case clearly discloses the use of voice tubes in headsets (conveying sound from the wearer's mouth to a small or miniature microphone adjacent the ear). See the Dreher, Olney and British 716,801 patents. (Ex.App. 709, 643 & 702) Also, it clearly discloses the use of ear tubes in headsets (conveying sound from a miniature receiver adjacent the wearer's ear into the ear). See Gilbert patent 2,586,644, the 1955 and 1959 Telex flyers, and the ARINC publication. (Ex.App. 673, 675, 676A & 690)

The question here, therefore, is whether the presence of both of these known elements in a single headset* is obvious under 35 USC 103, and the following two combinations of the prior art references show that this question must be answered in the affirmative:

* This is in fact shown in the headset in Fig. 5 of the 1878 British Pritchett patent 191, using components available at a very early date. (Ex.App. 634)

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The first combination of:

- (1) the Olney patent, filed in 1944, showing a headset having a small microphone and receiver located adjacent the wearer's ear and a single or dual voice tube from the microphone to the wearer's mouth (one or two tubes being used depending upon whether noise cancellation is desired), with an earcap -- rather than an ear tube -- conveying sound from the receiver to the ear (Ex.App. 643), and either
- (2a) the 1955 Telex flyer announcing "an entirely new way to hear with a headset", i.e. an ear tube, and proclaiming "Never before such comfort, lightness, all-day-long ease of use" (Ex.App. 675), or
- (2b) if not obvious to one with the Olney patent or headset in hand, as the law presumes*, when the 1955 Telex flyer announced the ear tube as a new earpiece for headsets, that this new lightweight earpiece could be used in place of Olney's older earpiece (the earcap), the drawing on page 8 of the 1957 ARINC publication specifically teaches anyone who cares to know that an ear tube

* Graham v. John Deere Co., supra, 383 U.S. at p. 36; David & David, Inc. v. Meyerson, 388 F.2d 292 (2 Cir. 1968).

and an earcap are recommended alternatives in a lightweight headset -- by a picture of an ear tube and an earcap at opposite ends of a double-ended arrow. (Ex.App. 690)

The second combination of:

- (1) the 1959 Telex flyer showing a lightweight "boom-mike" headset using ear tubes -- the miniature mike at the end of the light-weight boom being positionally unstable with rapid movements of the wearer's head because of its inertia (Ex. App. 676A); and
- (2) British patent 716,801 which specifically explains that a miniature mike at the end of a boom, in a lightweight headset, is unstable "when the head is moved due to the inertia of the microphone", and that this can be cured by fixing the mike to the headband, adjacent the receiver, and extending a voice tube from the mike to the wearer's mouth -- just as Larkin subsequently did. (Ex.App. 702, 705)

As discussed at the hearing, the district court's opinion failed to mention either the ARINC publication of the first prior art combination, or British patent 716,801 of the second combination, both of which are determinative of the question of obviousness.

When these references are included, it is clear that the Larkin headset was obvious in 1961 to one skilled in the

art. Surely such a person who had in mind the Olney voice-tube headset, in 1961 or before, upon receipt of the Telex flyer announcing an ear tube as a new, comfortable, lightweight way to hear in headsets, would not require the exercise of invention to utilize the newly announced earpiece in place of the older Olney earcap earpiece. And this is especially true after the 1957 ARINC publication, unmentioned by the district court, contained a picture depicting the earcap and ear tube as recommended alternative earpieces for lightweight headsets.

Likewise, one having the positionally unstable Telex lightweight boom-mike headset in mind would not require the exercise of invention to move the mike up near the receiver and ear tube, and use a voice tube, as Larkin did, after British patent 716,801 described the problem of positional instability in such headsets and stated that this is exactly how the problem should be solved.

In no reported case known to defendant has a combination patent been sustained where not only were the elements of the combination old, only two in this case, but the combination itself was specifically suggested by and discernible from the literature. Indeed, nothing was required here but to read the solution from the references; that an ear tube could be used as an alternative to an earcap in a lightweight headset, as taught by ARINC; and that the solution to the

positionally unstable boom-mike in a lightweight headset is a voice tube, with the mike on the headband adjacent the receiver, as taught in British patent 716,801 -- both of which went unmentioned in the district court's opinion.*

* In his rebuttal argument at the hearing, plaintiff's counsel asserted that the United Airlines engineers knew of the ARINC publication, and that, as is the case, this publication actually came from the United files -- presumably to show that those seeking a lightweight headset in 1961 were aware of this reference. This assertion does not bear upon the district court's failure to mention this reference, which fact went unmentioned by plaintiff, and, in addition, it leaves unstated the facts that the United engineers were not headset designers; that they were not attempting to design a headset; and that they had "Never heard of anybody using the acoustical tubes [voice tubes] for a microphone." (Ex.App. 1103, 1096)

Plaintiff's counsel also sought to deprecate British patent 716,801 in his rebuttal argument by asserting that it discloses a "horn"-type headset -- which implies that it uses a voice tube having a non-uniform or tapered cross section along its length. (App. 349; Ex.App. 776, para. 6.69 & 777) This is factually incorrect, and in any event is not relevant. The voice tube illustrated in this patent (see Fig. 4) has a cup at its end, to focus the sound received from the wearer's mouth, as plaintiff has marketed for its headsets (Ex.App. 767-8), and a very short tapered section from the cup to the voice tube having a uniform inside diameter of .187" (3/16"). (Ex. App. 706) This is in no sense a horn. Indeed, it is described in the patent as "an adjustable acoustic duct terminated by a small mouthpiece for sound transfer from the mouth to the microphone." (Ex.App. 704, lines 46-9) Moreover, this assertion is also misleading, since the observations in this patent as to how to solve the problem of a positionally unstable mike in a lightweight headset, by using a voice tube, have nothing to do with what particular voice tube configuration is used. The patent makes clear that "ordinary flexible tubing" can be used, as well as the "segmented duct" illustrated in Fig. 4. (Ex.App. 705, lines 121-2) Lastly, there is nothing in the Larkin claims which defines any particular voice tube configuration, or excludes horn-type or tapered voice tubes. cf. MacLaren v. B-I-W Group, Inc., supra.

Moreover, even if the prior art did not specifically suggest or teach the combination of a voice tube and an ear tube in a single headset, as it does, the combination of these two known expedients for talking and listening cannot constitute patentable invention since they each play precisely the same function when combined in the same headset as they do when used separately. Sakraida v. Ag Pro, supra; Anderson's Black Rock, Inc. v. Pavement Salvage Co., Inc., 396 U.S. 57 (1969); A & P Tea Co. v. Supermarket Corp., supra.

In his consideration of the question of obviousness, Judge Conner placed inordinate reliance upon the secondary factors of long-felt need (which is totally mitigated in this case by the lack of any significant commercial market in the area where the need was manifested), commercial success, etc. This reflects an erroneous view of the law, expressed by this Court in Timely Products Corp. v. Arron, 523 F.2d 288, 294 (2 Cir. 1975), that such factors are not secondary in importance, but only second in the time sequence in which they are to be considered. Thus, in an opinion written for this Court in Timely Products, which was the last pronouncement by this Court before the district court's decision in the present case, Judge Conner expressed the view that the Supreme Court's designation of these factors as "secondary" in Graham v. John Deere Co., 383 U.S. at pp. 17-18, was "only to indicate that they are to be considered after a preliminary determination

of the precise subject matter at issue has been completed". But cf. Sakraida v. Ag Pro, supra; MacLaren v. B-I-W Group, Inc., slip op., Civil Action No. 75-7613, at p. 18 (2 Cir. May 20, 1976) (where this Court, subsequent to Judge Conner's decision in the present case, characterized these factors as being "of distinctly secondary importance").

Actually, as testified by plaintiff's witnesses, while the airlines industry had a need for a lightweight headset for some time prior to 1961, this industry did not represent a significant market for headsets. (App. 313; Ex.App. 1102) Larkin testified in a deposition that he thought the airlines presented a good market, and consequently he went ahead, but he later found he was wrong. (DX-JJ, pp. 111-12) And plaintiff lost money for four years. (App. 425-7) Thus, while a need existed, there was no significant market incentive to bring forth a lightweight headset. Moreover, while Larkin was the first to reach the marketplace with a lightweight headset, because of his misunderstanding as to the extent of the market, he was not an inventor. Rather, the technology was available for anyone to collect and read, once a market justified doing so.

Nor did Larkin solve the headset problem which existed in military aircraft in 1961, and which still exists -- where a headset must be able to communicate from inside a pressurized helmet (which generates the ear-torture the district court seemed to find compelling in its considerations),

and where the Larkin headset has never been used.

At the appeal hearing in this case, Judge Mulligan disclaimed any understanding of technical matters. While this may have been an overstatement, or said partially in jest, it highlights one of the difficulties of patent litigation -- and, in the circumstances of this case, where the district court judge was an experienced patent lawyer, it also highlights the long-standing concern of the patent bar that any patent tried before a technically competent judge, as Judge Conner, may receive less attention on appeal -- thus creating a de facto court of last resort for patent cases.

We mention this because it has been a concern to us, and we feel it should be a concern to the Court. If the judicial system we have is not perfect in its handling of patent litigation, or in any other particular, it is all we have, and we must be able to rely upon it to redress wrong. The subject matter of this case is not difficult to comprehend, even for the non-technically trained, such as the asserted inventor Larkin, and we urge the Court to consider the obviousness question afresh in view of the foregoing prior art.

Unless this Court will redress the wrong in this case, notwithstanding Judge Conner's admitted technical competence, plaintiff will have a 17-year monopoly on the prior art --

and defendant and all other potential competitors will be barred from the market.

II - ENFORCEABILITY

The second point this court failed to rule on concerns plaintiff's unclean hands in relation to the invention of the Larkin patent, and the consequent unenforceability of that patent.

Some three years after filing the application for the Larkin patent in suit, after plaintiff's headsets had long been on sale, in public use and in trade journals, Mr. Larkin contacted his then patent attorney, Mr. Jean Chognard, and inquired whether it was then possible to obtain a British patent. Mr. Chognard advised him that a valid British patent was barred (Ex.App. 1134, 1179-80), but Mr. Larkin, without informing Mr. Chognard, nevertheless proceeded with the filing of a British application, through a British patent agent, and Larkin British patent 1,009,818 ultimately resulted. Also, shortly after filing he concluded a restrictive exclusive license agreement for all of Europe based upon this knowingly fraudulent application. (Ex.App. 1181, 1010, 1015, 1017) The agreement was dated February 5, 1965, and later superseded by another exclusive license agreement dated July 1, 1968. (Ex.App. 1020)

The 1965 agreement contained provisions that the plaintiff would "seek patent coverage" in the licensed countries, even though plaintiff had already been advised that patent coverage was barred, and that the licensee would "not . . . dispute the validity of any patents obtained by PPI", thus precluding any attack by the licensee on the fraudulent Larkin British patent or any other patents plaintiff might acquire. (Ex.App. 1017) The superseding 1968 agreement contained provisions that the licensee would not export any broadly-defined "licensed products" outside the licensed territory, without the prior written approval of plaintiff (Ex.App. 1022), and that for a 3-year period following the termination of the license the licensee would not, directly or indirectly, manufacture or sell any of the licensed products, or any direct copies or derivations thereof, either in the licensed territory or in any area of the world in which the plaintiff or its designee is then selling such products. (Ex.App. 1032)

While the district court assumed, without deciding, that "the British patent was obtained by fraud" and found the exclusive license based on it to be "clearly anti-competitive", the court held that these fraudulent and restrictive activities of plaintiff in dealing with its alleged invention, cannot impede plaintiff's right to exclusivity for the same invention under its U.S. patent, citing its earlier decision in Saxton Products, Inc. v. United States Telephone

Co., 182 USPQ 608* (SDNY, 1974) (which incorrectly ruled that fraud in connection with one patent can never affect another, strangely enough, even where they are for the same invention). (Opinion on Motion, App. 59-60). But cf. Keystone Driller Co. v. General Excavator Co., 290 U.S. 240 (1933); Precision Instruments Co. v. Automotive Co., 324 U.S. 806 (1945); Chromalloy American Corp. v. Alloy Surfaces Co., 339 F.Supp. 859, 875 (D.C. Del. 1972) (discussing Keystone); East Chicago Machine Tool Corp. v. Stone Container Corp., 181 USPQ 744, 748* (D.C. Ill. 1974).

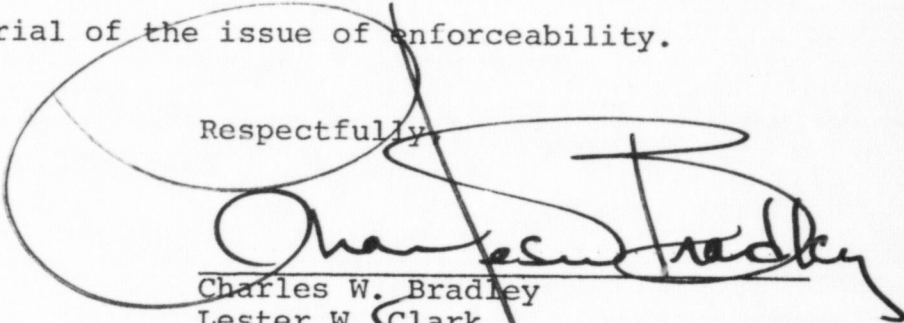
As more fully discussed in defendant's appeal brief, plaintiff's action in fraudulently filing a British application, after seeking and receiving advice from its U.S. attorney that it was barred, and thereafter predicated an anti-competitive exclusive license for Europe on the basis of this fraud, constituted a deliberate scheme on plaintiff's part to fraudulently extend the monopoly for the invention of the Larkin patent in suit -- and to fraudulently and improperly control trade in the patented product, and in other headset products, in both Europe and the U.S. In view of this reprehensible conduct by plaintiff relevant to the asserted Larkin invention, and the fraudulent extension of plaintiff's monopoly for this invention, plaintiff should be barred from any affirmative relief by the courts for this invention.

* Not otherwise reported.

CONCLUSION

For the reasons stated, a rehearing should be granted in connection with defendant's appeal, and the Larkin patent 3,184,556 held invalid for obviousness under 35 USC 103. If not held invalid, this case should be remanded to the district court for a trial of the issue of enforceability.

Respectfully,



Charles W. Bradley

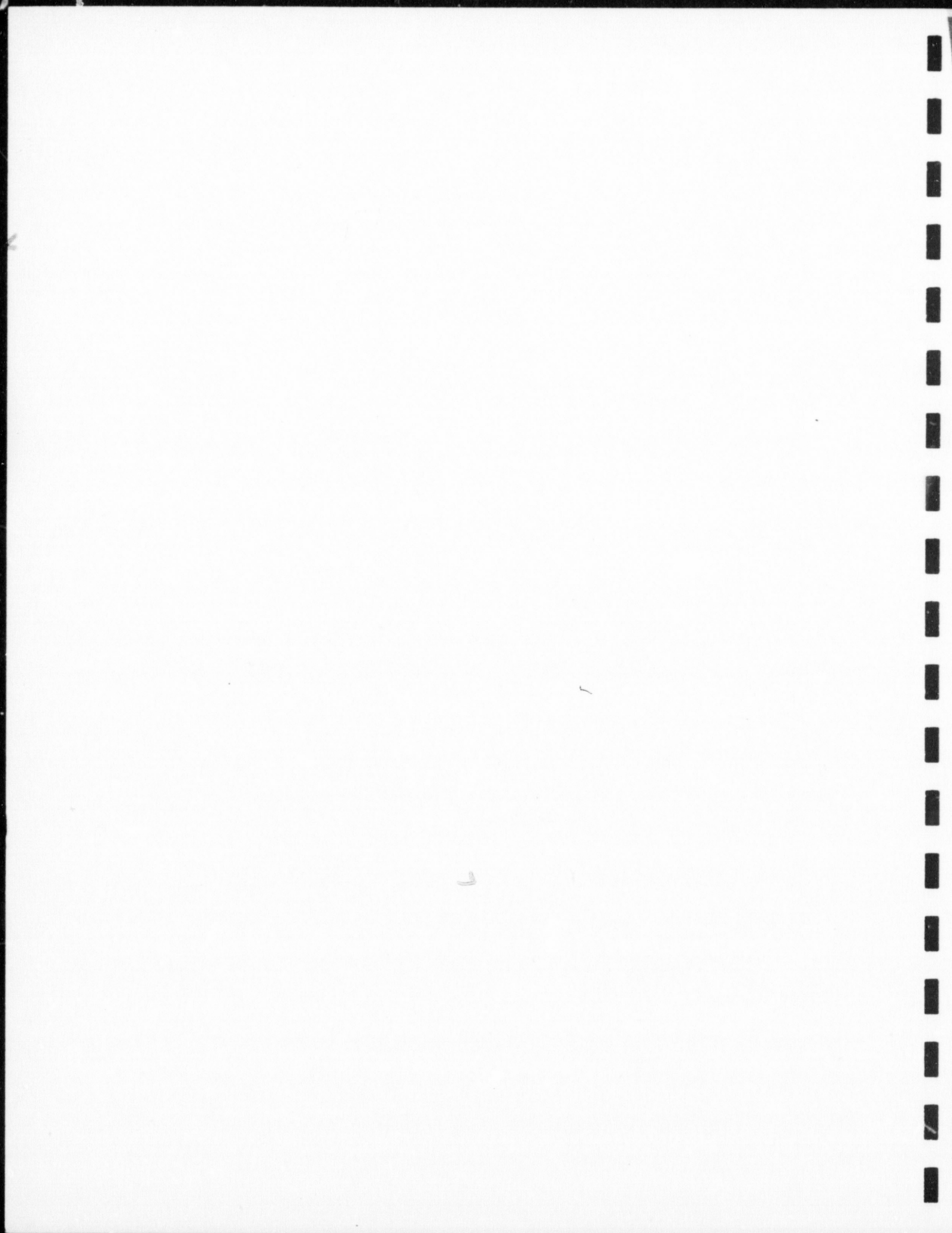
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June 29, 1976



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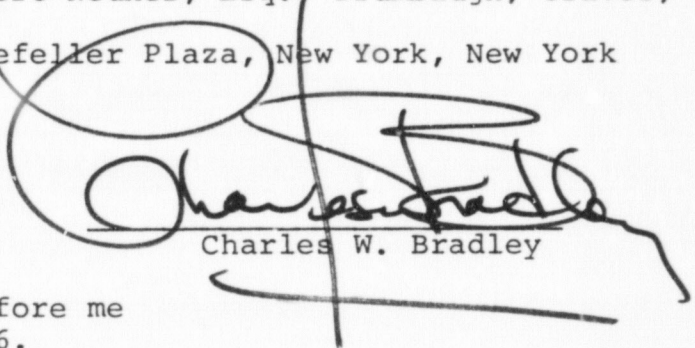
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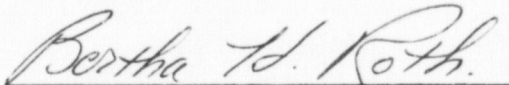
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AFFIDAVIT OF SERVICE

CHARLES W. BRADLEY, being duly sworn, deposes and says that the foregoing PETITION FOR REHEARING BY DEFENDANT-APPELLEE was today served on the plaintiff by delivering four copies thereof to Robert Neuner, Esq., Brumbaugh, Graves, Donohue & Raymond, 30 Rockefeller Plaza, New York, New York 10020.


Charles W. Bradley

Sworn and subscribed to before me
this 29th day of June, 1976.



Notary Public
BERTHA H. ROTH
NOTARY PUBLIC, State of New York
No. 30-8672925
Qualified in Nassau County
Certificate filed in New York County
Commission Expires March 30, 1978